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## Agenda Item 8b(2)

August 15, 2011

### TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. **SUBJECT:** Public Equity – Passive Equity Portfolio
- II. **PROGRAM:** Global Equity
- III. **RECOMMENDATION:** Information
- IV. **ANALYSIS:**

Staff very much appreciates Mr. Schlachter's comments regarding the capabilities and caliber of the internal equity management team, and agrees with his conclusions. Despite the supportive and positive comments, however, staff further agrees that an ongoing focus on technology and data remains a crucial objective of the team. In the asset management business, complacency is the enemy of a highly functioning, competitive and efficient enterprise and must be addressed and avoided on an ongoing basis. The internal equity team is committed to not falling victim to such complacency and will continue to work to develop the infrastructure (technology, data, people, and operational structure) to evolve along with and ideally ahead of our competitors in the asset management industry.

**Attachment 1** – Wilshire Associates review of the CalPERS internally managed equity index program

### V. **STRATEGIC PLAN:**

This item will further the following goals of CalPERS Strategic Plan:

- Goal VIII. Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.
- Goal IX. Achieve long-term, sustainable, risk adjusted returns.

**VI. RESULTS/COSTS:**

Implementing positive change with respect to data and technology will result in marginal, warranted improvements and are addressed as part of the normal budgetary process.

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